Elites, Classes, and Civil Society in the Transformation of State Socialism

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Abstract

The main explanatory variables used to analyze the transformation of state socialist societies are elite circulation and renewal. It is contended that, while the transformation may be elite-led, transformation should be analyzed as a revolutionary process promoted by, and favoring, class interests. It is hypothesized that the transformation of the post-communist countries has involved a process in which endogenous and exogenous class forces have played a major role. The absence of (economic) civil society under state socialism gave rise to a deficient ascendant capitalist class. Viewing capitalism as an international system, political elites acting in the international arena, through an alliance with exogenous elites, activated a move to markets and privatization. In the post-communist period, class inequality and tension have risen. The weakness of civil society is a consequence of an undeveloped incumbent bourgeois class, which in turn limits the effectiveness of class rule. The rapid forms of imposed economic and political change, involving the dislocation of the social structure, have weakened the formation of an oppositional class consciousness. The inclusion of counter-elites into the political system (the "elite settlement") ensuring a form of political management represses ideological opposition and further limits the rise of class consciousness.

The most popular analytical tool to analyze the dynamics of social and political change from state socialism to capitalism has been the elite

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[1] A report at the plenary session "The Role of Classes, Elites, and Public in Social Transformations in Ukraine" (18-19 May 2006, Kyiv, Institute of Sociology of the National Academy Sciences of Ukraine). In Ukrainian and Russian firstly published in the journal "Sotsiolohiia: teoriia, metody, marketynh", 2006, № 3, pp. 14–31.

paradigm, which features prominently in actor-directed theories. The analysis of who drives the policy of transition has focused on elite behavior. Rather than framing the discussion of social change in the context of classes and revolution, "transitions" are depicted as the consequences of more or less negotiated settlements between elite actors, involving pacts, agreements and constitution making.

In an article focused on Russia and Eastern Europe, Kullberg, Higley and Pakulski claim quite unambiguously that "the dynamics and trajectories of political change in post-communist countries can be explained almost entirely as a function of the structure and behavior of elites"[1]. Elites are generally considered to be expressions of either their own interests or those of national and ethnic cleavages which underpin political behavior[2].

"Elite settlements" are crucial to ensure effective leadership of the transformation process[3]. An assumption underlying this thinking is that non-elites, the public, masses (labor, peasants, and intellectuals) are not mobilized and they allow elites to negotiate compromises. Interest articulation must be modified and "ideological neutrality" must be realized on the part of any counter-elite. This allows elites coming to agreement on fundamentals: on the ownership of property; on the definition of who constitutes the membership of, and has rights in, a nation state; on how social and political change should take place and on international alliances and linkages. Elites then replace classes as movers of the transformation process[4]. Moreover, political management by political elites ensures the absence of critical class ideology as a consequence of party formation. Parties promote consensus and repress ideological opposition and, in doing so, suppress the rise of social classes.

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1 *Kullberg J., Higley J., Pakulski J.* Elites, Institutions and Democratization in Russia and Eastern Europe // Elites and Leadership in Russian Politics. — Basingstoke; New York, 1998. — P. 107.

2 *Pakulski J., Waters M.* The Death of Class. — London; Thousand Oaks, 1996. — P. 147.

3 *Burton M.G., Higley J.* Elite Settlements // American Sociological Review. — 1988. — Vol. 52. — P. 295–307; *Higley J., Burton M.G.* The Elite Variable in Democratic Transitions and Breakdowns // American Sociological Review. — 1989. — Vol. 54. — P. 17–32.

4 See: *Lachmann R.* Agents of Revolution // Foran J. Theorising Revolutions. — London; New York, 1997. — P. 78-79. Lachmann sees elite division in Eastern Europe (creating demands for transformation) as stemming from Gorbachev's policy in the USSR. He ignores divisions before this, for instance in Czechoslovakia in 1968, in Hungary in 1956, as well as the intense divisions within the Polish elites long before the 1980s.

At center stage is the notion of a "nomenklatura elite" popularized by the influential work of Olga Kryshtanovskaya and Stephen White[1]. The nomenklatura elite is held to derive its power from the apparat, essentially located in the previous Communist Party. These elites perpetuated their power in the post-communist period through networks (social and political capital) and by converting their administrative position into control of capital assets.

The nomenklatura under state socialism was much wider in scope than a political elite and might be theorized in terms of a "political class"[2]. For Mosca, the political class refers to: "all those groups which exercise political power or influence and are directly engaged in struggles for political leadership; ... within the political class is a smaller group, the political elite, which comprises those individuals who actually exercise political power in a society at any given time"[3]. Mosca allowed for new elites to arise and represent social interests and join the political elite. The political elite is the group that rules on behalf of the political class.

However, the political class in the USSR from which evolved the "nomenklatura elite", contained many different interests that were consequent on the processes of industrialization and maturation of the society. These interests had different conceptions of the way in which reform should proceed[4]. Hence the conceptualization of Higley and Pakulski[5] defining the state socialist ruling elite in terms of a high level of ideological consensus, conflates nominal consensus with actual political divisions. The Gorbachev political elite, for example, had no consensus on the type of economy they saw as a reform model; of a sample of 116 members of the USSR political elite (at the level of the Politburo and government ministers or deputy ministers), the largest group placed first China

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1 *Kryshtanovskaya O., White S.* From Soviet Nomenklatura to Russian Elite // Europe-Asia Studies. — 1996. — Vol. 48. — № 4.

2 In summary: A **political class** is a group of people distinguished by: 1) the possession of actual or potential political power; 2) a consciousness of its own political objectives; 3) recruitment may be from the same or from different social classes; 4) a unitary (strong boundaries of closure) or a divided (pluralistic) character.

3 *Bottomore T.* Elites and Society. — S.L., 1993. — P. 7.

4 I have substantiated these points empirically elsewhere and only briefly summarized them here. See: *Lane D., Ross C.* The Transition from Communism to Capitalism. — N.Y., 1999.

5 *Higley J., Pakulski J.* Elite Transformation in Central and Eastern Europe // Australian Journal of Political Science. — 1995. — Vol. 30. — P. 1–29.

(15), followed by Scandinavia (13), then Germany (12) and the USA (11). The majority (66) had no country model[1]. This is not evidence of a "consensual" political elite: rather it is one divided on their image of the future.

It cannot be denied that the political elite played an important role in the transition process. The ruling elite secured consent and guided, as best it could, policy to develop capitalism and polyarchy.

Political elite analysis, however, is itself subject to considerable criticism. A major problem is to explain why the post-communist reformist political elites universally have adopted the ideology and policy of markets, private property and competitive party democracy. White and Kryshtanovskaya do not tell us why the "nomenklatura elite" is transformed itself into an ascendant elite seeking to change the parameters of the system of state socialism. Why not pursue a state-managed market system, leaving ownership in state corporations, as in China? A class-based approach to transformation, I claim, explains why such a move has occurred.

Elites are embedded in structures of power, and ruling or power elites are dependent on the support of interests which control strategic sectors and resources in society. The elite approach, as developed by Higley and associates, is more concerned with the conditions in which a stable elite consensus *should* emerge as a determinant of political stability, rather than an explanation of why capitalism should be built on the ashes of state socialism. Where then does class analysis fit in?

Challenges to Class Explanations of the Transition

In earlier writings in the social sciences, classes were given a prominent role in the process of transition between major forms of society[2]. By the end of the twentieth century, such approaches, if not completely extinguished, were smoldering. In social and political literature, social class, as a major mover of social change was "dead" — both as an explanation of transformation and in the politics of Western developed countries.

The lack of class analysis in the major theoretical accounts of the "transition from communism "follows" from two main suppositions.

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1 For details see: *Lane D.* Elite Cohesion and Division: Transition in Russia // Higley J. et al. (eds.). post-communist Elites and Democracy in Eastern Europe. — Basingstoke, 1998. — P. 87.

2 Probably the most influential is: *Barrington Moore Jr.* Social Origins of Dictatorship and Democracy: Lord and Peasant in the Making of the Modern World. — London, 1967. Other writers in the Marxist tradition are Maurice Dobb, Rodney Hilton, and Paul Sweezy.

First, the peculiar "classless"[1] structure of state socialism portrayed both in "totalitarian" and Marxist accounts (including Marxist-Leninist and critical Marxist). "Civil society" constituted by a capitalist system was absent, and this precluded the rise of social classes as well as political coordination through parliaments. Second, is the contention that class, as a form of identification as well as an explanatory concept, is increasingly irrelevant in post-industrial society. Clearly, there can be no class-based social change if society is lacking in social classes.

Within the totalitarian paradigm, which conditioned much of Western writing on state socialism and its transformation, the social system was considered to be socially undifferentiated and sociologically "classless". Totalitarianism ended classes, which were replaced by an undifferentiated mass. Classes, as forms of association, did not exist due to the atomization of society. For Richard Rose *(et al.)* "communist rule … made traditional social structural cleavages of limited significance". Moreover, the sudden imposition of market forces disrupted the formation of a class consciousness. Consequently, "class sensibility remains weak"[2].

Writers coming from a Marxist perspective also, ironically perhaps, marginalize class interests. Marxist-Leninists regarded Soviet-type societies as classless because of the absence of private ownership and the competition of capitals; what class structure existed was essentially "non-antagonistic". Western "critical Marxists"[3] defined the ruling group in terms of control by the administration; it was bureaucratic, rather than economic in character. Hence bureaucratic position gave rise to economic privilege but it did not give the right to ownership of the means of production and the transmission of assets through families — which ensures the reproduction of capitalism[4]. Many critics in Western Marxism fall back into a ruling elite and mass model. Consequently,

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1 In the totalitarian syndrome — the omnipresent political elite prevented the formation of classes, and in the Marxist account — the absence of private property and of a market for labor.

2 *Ost D.* Labor, Class and Democracy // Crawford B. (ed.). Markets, States and Democracy. — Boulder, s.a. — P. 182; *Rose R., Tikhomirov E., Mishler W.* Understanding Multi-Party Choice // Europe-Asia Studies. — 1997. — Vol. 49. — P. 807.

3 Trotsky had a significant influence on critical thinkers, particularly: *Trotsky L.* The Revolution Betrayed. — 1945. — P. 248.

4 Such societies were not state capitalist because they had no classes defined "by their position in the social system of economy and primarily by their relation to the means of production". — Ibid. — P. 248-249.

Marxists have not been able to address the dynamics of the restoration of capitalism in class terms.

In Western political science and sociology, the "demise of class" as a form of social identification is not new[1]. The decline of class has been associated with the structural changes in the social structure and the development of post-industrial theories of politics. It is claimed that the erosion of the primary sector and the enormous fall in numbers of workers in mass production industry led to the decomposition of the working class and with it the basis of class consciousness associated with early industrialism. In post-industrial society, its distinctive knowledge and technological basis give rise to a consumer society, in which status groups become a focus of identification, and gender, ethnic and regional concerns become a site of political conflict.

These approaches have also framed and accepted the elitist approach to transformation. Social classes, however, need to be defined and analyzed in terms of the peculiarities of state socialist society as well as the global reach of the dominant capitalist class.

Class Interests Defined

A **social class** may be defined as a group of people sharing the same life chances, which are determined by their relationship to the market and property. A social class analysis of transformation has to be based on the interaction of three class groups: two endogenous[2] to state socialism (the administrative class and the "acquisition" class) and one exogenous — the global capitalist class.

The **administrative class** was constituted of people with executive control of the means of production (economic ministries and state committees, and heads of major enterprises) and the institutions of reproduction (such as education and science). The reform strategy of the administrative class changed over time depending on the political possibilities for change. Initially, it supported a move to a market within state socialism (similar to the market reformers in China). One of the most im-

1 See Robert Nisbet's essay, written in 1959. (*Nisbet R.A.* The Decline and Fall of Social Class // Pacific Sociological Review. — 1959. — Vol. 2. — P. 11–17).

2 Another class grouping was composed of the mass of the population engaged in manual and unskilled non-manual occupations with relatively few assets and means of control. They played little role in shaping reform strategy.

portant implications of this position is that the state would continue to own and control economic assets, and would have no interest in furthering representative (polyarchic type) institutions as they would challenge the hegemony of the state through demands for individual property rights. Coordination would be secured by the (renewed) state apparatuses and Communist Party led institutions, operating through limited markets. Other members of this class in the period of state socialism shared a latent radicalism and would support opportunities, if they arose, for the extension of administrative control of the means of production to private ownership. They were thus in support of the weakening of the Soviet state, particularly its centralized form of control and planning. These views were strongly articulated in Poland and in the other Central European countries. Grzegorz Kolodko, for example, has shown that groups within the opposition favored "reform", which would lead to economic deterioration "and ultimately lead to the end of the socialist order"[1]. It was a latent ascendant class. If this class was latent, which group then precipitated radical reform?

As noted by Ernest Mandel, Soviet-type societies were bourgeois in the distribution of commodities, this led to the rise of what I would define as an "acquisition class". This was a social class distinguished by its actual and potential interest to enhance its position through the exploitation of individual "skill assets" through a market system. Educational qualifications and occupational skills are the major distinguishing features of this class.

Members of the "intelligentsia", as well as skilled workers, were *potentially* privileged with respect to their market position. Under state socialism, moreover, they were disadvantaged in that they were dependent on the administrative class, which controlled the market for labor (*i.e.* occupational mobility was not competitive and income differentials were relatively narrow and administratively determined). The relative equality of income distribution in turn led to the underdevelopment of retail markets and consumer society.

The reform strategy of the acquisition class was to support a change to a market system, it was less concerned with privatization of state assets. It was a class which sought to increase the significance of the **bourgeois distribution of resources** through strengthening, extending and profiting from the market. It supported representative political institu-

[1] *Kolodko G.W.* From Shock to Therapy. — Oxford, 2000. — P. 28. The author cryptically calls this the politics of "the worse, the better".

tions as forms of coordination and civil society as a context for its own development (freedom of international travel, pluralistic institutions, particularly the press), as well as a springboard for launching a critique of the existing order.

Gorbachev himself, at least in the early years of reform, was an advocate of this position. The greater monetarization of the economy, including incentives for work, would only have work if there were goods and services to buy. As a radical economic reformer Aganbegyan put it: "The whole transformation is directed towards fulfilling the needs of the consumer. The reform in prices, financing and banks; the shift from central supply to industry; the return, in the future to a convertible ruble; and all technical renovation and regeneration is directed towards this aim"[1]. In the popular consciousness of the reform movement, there was a Messianic form of Cargo Cults — the boat of capitalism would return all that was taken away by the communists and was lacking under socialism[2].

However, under state socialism this potentially ascendant class was unable to articulate an ideology of capitalism involving privatization of property and a comprehensive move to a market system. They were denied the right to organize or articulate a counter-ideology. (Ideological change had to be legitimated at the top by incumbent elites rather than insurgent counter-elites). In the early period of transition, the internal administrative and acquisition strata supported "the market", but not a move to the privatization of state-owned assets. This is clearly illustrated by voting of the elites of these groups. In the Supreme Soviet of the Russian Soviet Federative Socialist Republic, in July 1990, voting on the "Silayev reforms", which proposed the introduction of a market in Russia, had the support of over 70% of the government and party elites, as well as over 80% of deputies who had a professional or executive background. However, when one considers privatization, government and party elites were divided. In December 1990, the vote on the introduction of private property was defeated, with nearly 70% of the political elites

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1 *Aganbegyan A.* The Challenge: Economics of Perestroika. — London, 1987.

2 As one member of the Russian Duma put it: we should move to a socialism like that in Sweden, Austria, Finland, Norway, Holland, Spain, and Canada *(sic!),* there workers were four to five times better off than in the USSR. (Speech of Ch. Aitmatov // The First Congress of People's Deputies of the USSR: 25 May — 9 June 1989. — Moscow, 1989. — Vol. 2. — P. 290). I am indebted to Stephen White for finding the source of this speech for me.

voting against it; of the professional strata, however, under 40% voted against[1].

As ascendant classes supporting a market system of exchange and market valorization of labor they differed from Marx's ascendant capitalist class. They had no propensity to accumulate; and the administrative class was bureaucratic, rather than entrepreneurial in outlook.

One other class interest has been suggested in the literature as an ascendant class under state socialism: foreign capital.

The Global Political Class

The transnational capitalist class had little presence in the state socialist societies due to the autarchic nature of its state-owned economy. World system theorists such as Chase-Dunn[2] as well as critical Marxists such as Binns, Cliff and Harman[3] have discussed the role of the global economy in the USSR, but have not linked this analysis to its transformation.

The role of transnational corporations ***in*** the *socialist countries* was relatively small, even in Central Europe. Direct foreign *investment* ***into*** *the socialist states* was very low before the mid-1980s[4]. The growth of East-West trade agreements enabled the exchange of licenses and designs, co-production ventures (usually Western firms providing key components)[5]. But there were no transnational corporations in the socialist countries. Until 1975, only five joint ventures had been established between enterprises in the COMECON countries and in the West[6]. Besides, there were already important differences between the socialist countries. Poland and Hungary had small but significant Western in-

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1 See voting data in: *Lane D., Ross C.* The Transition from Communism to Capitalism. — New York, 1999. — P. 129–133.

2 *Chase-Dunn C.* Socialist States in the World System. — Beverly Hills, 1982.

3 *Binns P., Cliff T., Harman C.* Russia: From Workers' State to State Capitalism. — London, 1987. The argument adopted here is that the accumulation of capital in Russia is determined by the "competitive pressure of the world around it" (Ibid. — P. 91).

4 Export of capital was also very low but cannot be discussed here.

5 For details of the 1970s see: *Wilczynsky J.* The Economics and Politics of East-West Trade. — London, 1969. — P. 382-383. See also the discussion in: *Gunder F.A.* Crisis: In the World Economy. — London, 1980. — P. 194–202.

6 Data cited in: Socialist Countries' Enterprises Abroad: New Trends // CTC Reporter. — 1987. — № 24. — P. 22.

vestments from the 1970s. Hungary had eight joint ventures in 1980, rising to 66 with capital value of 80 million dollars in 1986[1]. By 1986, Hungary had given enterprises the right, with relatively few restrictions, to engage in foreign trade. "The policy of promoting joint ventures in Hungary forms an integral part of an economic policy whose main objectives are the further progress of economic reform and a fuller integration of the national economy in the world economy"[2].

In the USSR, strong controls were exercised over foreign companies, some (such as Pepsi-Cola and Fiat) were given licenses to produce under government control. And there were limitations on the foreign owners. Only in the mid-1980s the government did encourage FDI. Under Gorbachev, liberalization of trade took place, special areas of joint entrepreneurship were established and free economic zones were set up though they were not very successful[3]. In 1987, agreements in principle had been reached with 20 foreign firms to set up joint ventures and 200 proposals were being examined[4]. Of some 100 applications for foreign direct investment in the Soviet Union in 1987, only three had been endorsed[5] and the total number of joint ventures, even in 1989, was only 23. Thereafter, associated with *perestroika* policy, the numbers increased to 1,572 in 1990[6]. These, however, were relatively small and insubstantial. The only large investment ($1 billion) was that of Fiat in 1989 for the production of cars.

State socialist societies were on the semi-periphery of the capitalist world system[7]. The dominant Western capitalist classes were excluded

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1 Data cited by: *Sklair L.* Globalisation. — Oxford, 2002. — P. 226.

2 *Matonyi J.* The Legal Framework for Joint Ventures in Hungary // CTC Reporter. — 1987. — Vol. 23. — P. 52-53. Quoted by *Sklair L.* Globalisation. — P. 226.

3 See ibid., p. 226.

4 Data cited in: Socialist Countries' Enterprises Abroad: New Trends // CTC Reporter. — 1987. — № 24. — P. 21.

5 *Sklair L.* Globalization: Capitalism and its Alternatives. — Oxford, 2002. — P. 225.

6 Economic Commission for Europe // East-West Joint Ventures News Letter. — 1989. — № 3. These data cited in: *Gutman P.* The Opening of the USSR to Foreign Capital // Lavigne M. The Soviet Union and Eastern Europe in the Global Economy. — Cambridge, 1992. — P. 135.

7 For substantiation see: *Lane D.* Global Capitalism and the Transformation of State Socialism // Tabata S., Iwashita A. Slavic Eurasia's Integration into the World Economy and Community. — Sapporo, 2004. — P. 27–60.

from the apparatuses of the state socialist societies (possibly explaining the political hostility of the hegemonic Western states led by the USA). Such international commercial activities that existed were under the control of the administrative state apparatuses[1]. Capitalist enterprises were symbolic islands in a centrally planned sea. A transnational capitalist class could not exist within the boundaries of the state socialist countries. Hence there was no latent ascendant international capitalist class here trying to get out to form a new dominant capitalist class. The impetus for change had to come from the outside. The exchanges between internal political and economic elites with global and international ones were crucial as potential movers of systemic change. How then does the state further the interests of the global capitalist class?

The Nation State and the Global Capitalist Class

In traditional Marxist analysis, both the bourgeoisie and the working class are national in form and consciousness. This national locus of identification creates difficulties in the analysis of class as a global phenomenon. The usual analysis of viewing the capitalist class as seuring its national interests through the nation state does not take account of the different constellations of capitalist power in different nation states. One might distinguish two functions of the state: in a national economy, it is an apparatus of capitalist class domination; in the world system of states, it secures the interests of national capitals. The policy of states then will vary depending on the relative strength of national or international interests[2]; whether national or international interests prevail.

Turning to the state socialist societies, as noted above, despite some inroads of trade and commercial intercourse with the West (particularly in Central Europe), there was no inward penetration of capital. The socialist states also had insignificant economic assets abroad. They were then, to a considerable extent, isolated from the world capitalist system.

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1 The extent of administrative control of enterprises with Western business contacts varied between countries. Western companies, however, had no autonomous ownership of assets in the state socialist countries.

2 Turkey and France currently have a strong national focus, whereas the United Kingdom always has had a powerful international one. Hence in the UK, unlike in France, hostile takeovers of British companies are not opposed. Indeed, the British-American version of capitalism positively encourages globalization or internationalization of companies.

The impact of the global capitalist class came through the global political elite, which had a major effect on the collapse and the direction of transformation. The international *political elites* were decisive backers, initially, of the move to political (electoral) and economic markets and, later, to privatization. It is important not to conflate the global political elites (the agents of change) with factions of the capitalist class having a global reach.

The international hegemony of the USA has played a crucial role in the expansion of capitalism on a world scale. Not only did it subverted economically and politically the socialist states in the 1980s, but it also provided an image and an ideology which has been irresistible to the masses. In this way an external agency provided the mass gravitas for a popular revolution, initially hailed as a "move to the market" and to democracy. Rather than a global capitalist class operating in the former communist countries through intermediaries giving rise to a comprador type of capitalism, political alliances between *internal political elites*, particularly those sponsored by Gorbachev and Shevardnadze, and external members of the *global political elites* (George Bush, Helmut Kohl, Bill Clinton, Margaret Thatcher) were crucial agents of change. By global political elite, I mean international actors who help to shape global economic and political policy[1]. These include the chief executives of international economic and political organizations (such as the IMF, the CIA), leading professionals in non-government organizations with a global perspective, national politicians and executives with a globalizing intent[2]. Note that here I put forward, not an economic class in a Marxist sense, but a wider concept of political class, as defined above. Political and economic elites are responsive to, but are separate from, the global capitalist class.

Substantiating an interpretation of an international "political elite pact" is difficult. Negotiations are not only undertaken in secret, but also they lack popular legitimacy. My reputational studies of the Soviet and

1 I define this group as a global political elite, rather than as a global political class. This is to avoid ambiguity in the use of the term "class". It is similar in character to Mosca's idea of a political class.

2 The World Economic Forum might be considered the political elite of this political class. (In Davos in January every year assemble the leaders of the world's largest 1,000 globalized companies and 33 national leaders, often including the President of the United States). See internet under *www.weforum.org.*

Russian political elites under Gorbachev[1] and Yeltsin[2] confirm the perceived influence of the West. With respect to international policy, the extension of private ownership, and the move to the market, members of Gorbachev's political elite considered that the most important influence on the leadership was a "demonstration effect" — "the need to show the West that Gorbachev was serious about economic reforms". Outsiders were crucial allies to Gorbachev. As one of his closest advisers (Andrey Grachev) has put it: "The task of [his foreign policy] was not to protect the USSR from the outside threat and to assure ... internal stability but almost the opposite: to use relations with the outside world as an additional instrument of internal change. He wished to transform the West into his ally in the political struggle against the conservative opposition he was facing at home because his real political front was there"[3].

The views of the Yeltsin elite, it is true, showed that the government executive members gave little credence to the influence of foreigners, though the rule-making parliamentary and party groups did so. A similar result was found of elite views on those advocating the formation of a democratic and market system: the Yeltsin executive strongly denying Western influence, but the law-making and political party elite stressed the role of foreign influence[4]. The Yeltsin government elite, of course, could not publicly acknowledge being under Western influence. In terms of state theory — of being constrained by the global interest of capital operating through foreign governments.

If one conceives of capitalism in an international, global perspective, the capitalist revolution in the post-communist countries was expressed through the international political elites. More specific conditions on the building of capitalism and its inclusion in the global order

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1 Conducted in 1993, 116 members of the political elite in post between 1984 and 1991 were interviewed. These included members of the government elite holding the position of minister or equivalent and secretaries of the Central Committee of the CPSU and heads or deputy heads of its departments between 1985 and 1991. For details see: *Lane D.* The Gorbachev Revolution: The Role of the Political Elite in Regime Disintegration // Political Studies. — 1996. — Vol. XLIV. — P. 4–23.

2 Interviews carried out in spring and summer of 1994 with 100 of the Yeltsin elite drawn from the government of the Russian Federation, lawmakers from the Russian Duma and leaders of parties or groups elected to the Russian parliament. For details see: *Lane D.* The Transformation of Russia: The Role of the Political Elite // Europe-Asia Studies. — 1996. — № 4. — P. 535–549.

3 *Grachev A.* Russia and the World // Proceedings of the Annual Conference of the British National Association for Slavic and East European Studies. — Cambridge, 1995. — P. 3.

4 See: Ibid. — P. 540–542.

are to be found in the conditionality requirements of the IMF and other bodies, such as the Council of Europe and the European Union. These had a significant and often unacknowledged effect on the internal economic and social policies of the post-communist countries — particularly those seeking membership of the European Union. The implantation of neo-conservative economic policies and political polyarchy has been a major objective of the hegemonic Western powers. "Economic democracy", envisaged in the Washington Consensus, involves individual rights to private property, privatization of enterprises, deregulation, a weak non-distributive state, and an economy open to the global market[1].

European Agreements were concluded between the EU and the Central and Eastern European Countries. As early as December 1990, the EU negotiated with Czechoslovakia, Hungary and Poland on the content of the Agreement which was signed in December 1991. The Agreements aimed to regularize relationships between the EU and the Central and Eastern European countries. These Agreements were forerunners to the Acquis Communautaire; they covered free trade, financial and technical assistance, and encouraged the development of laws compatible with the single market — particularly state subsidies, and freedom of competition. In June 1993 at the Copenhagen Council Meeting, a commitment was made to opening up membership by the EU, subject to the fulfillment of the "Copenhagen Criteria". The codification of these criteria in the 31 chapters of the EU's *acquis communautaire* included:

The existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union;

The ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union.

The administrative and judicial structures of countries intending to join must be such that "European Community legislation transposed into national legislations [can be] implemented effectively"[2].

It is here that the global capitalist class interest is most visible as this policy lays down conditions for the creation of capitalism and precludes the development of other forms of capitalism, whether it be based on social democracy or corporatism.

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1 See: *Williamson J.* What Washington Means by Policy Reform // Williamson J. Latin American Adjustment: How Much Has Happened? — Washington, 1990. — P. 8–17.

2 See European Union website: http://europa.eu.int/comm/enlargement/intro/criteria.htm#Accession criteria; http://ec.europa.eu/atoz_en.htm.

The Public: Support and Opposition to Transformation

What then is the level of support for the move to capitalism, markets and liberal democracy and what is the prognosis for future developments? Are the post-communist countries likely to move to stable Western-type democracies with well-established bourgeois ruling classes and a complacent populace, or is there a possibility of radical counter-movements from "the public" against the terms of the imposition of capitalism?

The strength or weakness, stability or volatility of a capitalist society may be analyzed in terms of the concept of civil society. Civil society is distinguished by the autonomy of intermediary groups from the sphere of state activity. It has two major components. First, economic associations composed of groups of people owning private assets utilized for profit through the market backed by a bourgeois class[1]. The second component are social and political associations including political parties and non-governmental organizations. In the former, the economic area, are to be found the driving forces and major supports of capitalism derived from the private ownership of capital. The latter is a space where associations may develop, support and/or challenge the state which is the legitimate form of power. On a world scale, a further development has been the internationalization of civil society, with economic institutions (companies and coordinating bodies) becoming global in scale, which have weakened the coordinating role of states at the expense of international bodies such as the IMF and international global companies. These topics cannot be considered here.

In both these spheres, civil society in the post-communist countries is weak. A characteristic feature of transitional societies has been the fragility of these intermediary groups — both before and following state socialism. As noted in the discussion of classes above, the footprint of state socialism had neither a bourgeoisie nor associations linked to market society. Democratic (or polyarchic) institutions were not required to perform economic and political coordination, and the formation of parties to articulate interests was not necessary as coordination was conducted within the state apparatuses. Most post-communist countries have lacked, in any significant proportions, the energizing powers of the bourgeoisie. They have lacked robust "non-governmental organi-

[1] See: *Gouldner A.W.* The Two Marxisms. — New York, 1980.

zations which bring people together in common cause… organizations that involve citizens in local and municipal life…"[1].

The bourgeoisie is weakly articulated as an internal class. All the former state socialist societies lack levels of accumulation comparable to the advanced European societies[2]. In the post-socialist countries, the level of domestic investment is qualitatively lower than in modern capitalist states: in 2001, for example, in high income countries, the average level of domestic credit to the private sector of GDP was 137.4, for low income countries it was 24.1, the average for the post-socialist countries was 21. By comparison, Japan is 190, China 125; only Czechia and Croatia are near the level of middle income countries and 13 post-communist countries are even below the levels of low income countries[3]. The lack of a propensity to accumulate is as characteristic of pre-1917 Russia as it is of post-Soviet Russia, where many of the leading entrepreneurs and businessmen come from non-Russian ethnic groups; and even entrepreneurs, such as Roman Abramovich, are characterized by their conspicuous spending, rather than entrepreneurial abilities. In countries such as Russia and Ukraine, a vibrant form of modern capitalism has not been created and it may be doubted whether modern capitalism has been formed at all. The state therefore comes to perform a developmental role — as it did under state socialism.

Though social networks in state socialism were far greater than recognized in much of the civil society literature[4], they were to a considerable extent dependent on the state — either directly or indirectly. The creation "from the top" of civil society, sponsored by mainly Western interests in the post-communist period, has been relatively unsuccessful and civil society organizations without foreign donor support have remained fragile. Transitologists view civil society associations as essen-

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1 Taken from official European Union definition of civil society // The Role and Contribution of Civil Society Organizations in the Building of Europe, Subcommittee Civil Society Organizations, Brussels, 22 September (CES 851/99 D/GW).

2 See: *Lane D., Myant M.* Varieties of Capitalism and Post-Communist Societies. — London, 2001. — Ch. 1.

3 See: *Lane D.* Emerging Varieties of Capitalism in Former State Socialist Societies // Competition and Change. — 2005. — Vol. 9. — № 3. — P. 234-235.

4 See: *Lane D.* Civil Society and the Imprint of State Socialism // Participation of Civil Society in New Modes of Governance. The Case of the New Member States: Forschungsstelle Osteuropa Bremen, Arbeitspapiere und Materialien. — 2005. — P. 7–16.

tially supportive of a stable democratic society. They provide inputs and legitimacy to the democratic process.

With the exception of trade unions, one finds a very low membership and participation in civil society organizations in the post-state socialist countries. Human rights and Third World organizations had much lower levels of participation than in Western countries. (See Tables 1 and 2).

Table 1

Membership of Voluntary Associations*

Medians for countries	*Trade unions*		*Political parties*	
	A	*B*	*A*	*B*
Great Britain, Germany, Spain	7.2	1.0	2.5	1.3
New EU members	10.3	2.3	0.4	0.2
post-communist, non-EU members: Russia, Ukraine, Croatia, Belarus	22.1	4.0	0.5	0.3
All former state socialist societies	11.3	3.3	0.5	0.2

* A: Which, if any, do you belong to?
B: Which, if any, are you currently doing unpaid voluntary work for?
Data show percent of respondents responding positively.

Source: The European Values Study: A Third Wave. Source book of the 1999/2000 European Values Study Surveys. Loek Halman. Tilburg University. Nd. Accessed on Internet website, Jan. 2005.

The period of transformation has been characterized by winners and losers, which have a clear class basis. Numerous studies have shown that classes (measured by occupational groupings) are significantly and unequally linked to the distribution of resources[1]. The new property owning classes have gained disproportionately in terms of income, personal security and life chances, while the manual working class and peasantry have lost. The intelligentsia has had mixed fortunes. There is a clear class divide about the desirability of, and benefits from, the radical political and economic changes which have taken place. Studies have also shown the growing radicalization and development of a con-

[1] *Evans G., Mills C.* Are there Classes in Post-Communist Societies? A New Approach to Identifying Class Structure // Sociology. — 1999. — Vol. 33. — № 1; *Slomczynski K.M., Shabad G.* Structural Determinants of Political Experience: A Refutation of the 'Death of Class' Thesis // Slomczynski K. Social Patterns of Being Political. — Warsaw, 2000.

sciousness of class, particularly among the losers of transition[1]. This is not only in the space of the former USSR, but also in Central Europe. What is lacking in these studies, however, is the role different classes have played in the process of historical change.

Table 2

Participation in Human Rights and Third World Associations, and GDP per capita. 2002**

Country	*Human Rights & Third World Associations*	*GDP (PPP) per capita, 2002*
Russia	0.0	7.820
Belarus	0.7	5.330
Ukraine	0.2	4.560
Medians for all European countries	0.5	17.655
Medians for old EU members	1.9	26.120
Medians for new EU members	0.2	10.625
Medians for non-EU members	0.2	–

** Key GDP measured in thousand American dollars (USD).
Participation in Human Rights & Third World organizations, percent of respondents answering positively; correlation with levels of GDP.
The Pearson correlation coefficient $R = 0.634$.

Source: European Social Survey; World Development Report 2004, pp. 252-253.

Support of the reform agenda has been divided socially. Members of the administrative class have benefited; the "acquisition" class, the intelligentsia, has had mixed fortunes; there have been important age divisions. Opposition to the reform agenda in the post-communist societies has come from the lower social strata, from older and lower educated

[1] *Szelenyi I., Fodor E., Hanley E.* Left Turn in post-communist Politics: Bringing Class Back // East European Politics and Societies. — 1997. — Vol. 11. — № 1; *Mateju P., Rehakova B.* Turning Left or Class Realignment? Analysis of the Changing Relationship between Class and Party in the Czech Republic, 1992–1996 // East European Politics and Societies. — 1997. — Vol. 11. — № 3. — P. 501–542. The authors conclude that the association between class and party increased during this period. See also: *Kutsenko O.* Samoidentifikatsii s klassami: proyavlenie obraza klassovoy struktury postsovetskogo obshchestva // Makeev S. (ed.). Klassovoye obshchestvo. Teoriya i empiricheskiye realii. — K., 2003.

members of society. There is little evidence of wide-scale popularly-based class organizations — as opposed to the developing associations of businessmen and entrepreneurs. Political parties have been weak, with ineffective levels of membership and shifting constituencies of support. There have been relatively weak popular movements of protest. (Many protest movements, such as the colored revolutions have been financed and supported by exogenous organizations — supporting movements for market reform and pluralist political organization). The weak development of a capitalist class has also blunted class consciousness and opposition has identified more diffuse objects — the state administration, authority figures, national identities.

Strengthening civil society associations has been a major concern of Western governments, predicated on a policy that a strong civil society would provide political stability. While there is certainly a positive correlation between the strength of civil society associations and "stable democracy", civil society networks can also provide the basis for social movements of protest. They can be instruments in the mobilization of opposition. However, in the transformation literature little attention is given to the role of civil society organizations in the rise of movements opposed to pluralistic or democratic institutions with right or left wing objectives. Possibly, the political stability of the post-socialist countries has been due to an elite consensus which has not only guided these countries to a market-type society, but has also neutralized ideological opposition. Despite the high formal membership of trade unions, they are largely deideologized and economistic in orientation. In all the former state socialist societies there have been rising levels of tension[1]. There is a weak governing and bourgeois class, which creates conditions of instability. By the same token, the weakness of civil society has prevented the rise of counter-elites and social movements by the dispossessed and others opposed to the introduction of the market and private property.

Conclusion

The "transformations" of the former state socialist societies in Central and Eastern Europe lacked some of the features of classical revolutions: violence, charismatic leadership, ideological vision, and resis-

[1] Golovakha and Panina, for example, have shown the rising level of tension in Ukraine. *(Golovakha E.I., Panina N.V.* Potentsial protesta Ukrainskogo obshchestva // Sotsiologicheskiye issledovaniya. — 1999. — № 10. — P. 31–40).

tance of power holders to removal. While some scholars often characterize the collapse and transition as a "revolution", most regard the transformation as a system change, accompanied by elite renewal and replacement. It is contended that the introduction of markets and privatization of property led to the creation of a capitalist system. Underpinning the transition from state socialism were an undeveloped "acquisition" class and an ambiguous administrative class, these were latent ascendant classes. They were effectively constricted by the political environment of state socialism and were unable to articulate an ideology or organize political opposition. Forming an alliance with the political elites of the hegemonic globalizing capitalist class, endogenous reformist political elites played a major role as agents of change. Capitalism was formed from above, its ideology, institutions and processes were defined by transnational organizations — though implemented by domestic beneficiaries.

The process of transformation has both strengths and weaknesses. The weakness of civil society, in the form of both economic classes and social and political associations, enabled a political elite pact to occur. The strength of the capitalist class is stronger in Central Europe, in the new states of the European Union. There a capitalist class had stronger roots from the pre-Soviet period. In the states of the former Soviet Union (excepting the Baltic Republics) state socialism was stronger, it had an indigenous revolutionary base. The elites were more divided; an elite "pact" was more difficult to procure. Reliance on exogenous political forces to further the radical reforms was necessary under Gorbachev. The weakness of civil society from an economic point of view, entails a strong bourgeoisie with a propensity to accumulate capital, and an inchoate political consciousness — it is ineffective as a ruling class. The political and social form of "civil society" is also deficient. This not only means that the articulation of interests to defend the masses is inadequate, but also that very weakness is a form of stability. While dissatisfaction with the outcomes of transformation is widespread, forms of protest organization, in defense of those who have suffered, have been insignificant. While the Central European states are politically anchored in the European Union, those to the East are not; the supposed "elite compact" is fragile and the underlying dissatisfaction with the outcomes of transformation may still lead to further systemic change.